

Marina Coast Water District

City of Marina Council Chambers
211 Hillcrest Avenue
Marina, California

Special Board Meeting
February 23, 2013
9:00 a.m.

Draft Minutes

1. Call to Order:

President Moore called the meeting to order at 9:02 a.m. on February 23, 2013.

2. Roll Call:

Board Members Present:

Tom Moore – President
Jan Shriner – Vice President
Howard Gustafson
Bill Lee
Peter Le

Board Members Absent:

None.

Staff Members Present:

Brian Lee, Acting General Manager
Andrew Sterbenz, Schaaf & Wheeler
Brian True, Capital Projects Manager
Patrick Breen, Project Manager
Peter Spiro, Associate Engineer
Paula Riso, Executive Assistant/Board Clerk

Audience Members:

Kenneth Nishi, Marina Resident
Bruce Delgado, City of Marina Mayor
Doug Yount, Interim City Manager
Pete Talbot, HDR Contractors
Steve Kasower, Strategic Economic Applications Company
Bob Ellis, HDR Contractors
Lyndel Melton, RMC Environment
Dan Amadeo, Marina Resident
Mike McCullough, MRWPCA

3. Pledge of Allegiance

President led everyone present in the pledge of allegiance.

4. Oral Communications:

None.

5. Project Workshop:

A. Discussion of New Water Supply Options:

1. 2010 Urban Water Management Plan Demand Projections:

Mr. Brian Lee, Acting General Manager, introduced this item and commented that according to the reports, the usage is averaging about 10% behind schedule. Director Le stated that they should look at updating the Urban Water Management Plan (UWMP). Mr. Lee cautioned that it might be too soon for updating the UWMP although the 2010 water demand numbers are a little aggressive. Director Le answered that he wanted to update it before moving forward with projects. He asked if the land use projection has been compared with the latest one from FORA regarding housing and commercial development.

Mr. Andrew Sterbenz, Schaaf & Wheeler, commented that the projections for the 2010 UWMP came from the FORA land use projections and they have not changed significantly from year to year.

Vice President Shriner asked if the projected shortfall includes the Monterey Downs project. Mr. Sterbenz said that it did not include the Monterey Downs project. Vice President Shriner asked clarifying questions regarding water usage and meeting the state mandated water reduction.

President Moore questioned why 5% was used for line loss. Mr. Sterbenz answered that was the negotiated figure with FORA in 1998. President Moore voiced his concern over creating new supplies of water when there was groundwater available and not being used by some jurisdictions. He said that he would like to relook at the 2010 UWMP at some point.

2. Project Update for RUWAP Desalinated Water Project:

Mr. Lee introduced this item.

President Moore noted that there was a public member wanting to comment and returned to item 5-A1.

Mr. Kenneth Nishi, Marina resident, commented that the Board's job was to make policy and look out for the ratepayers and making sure the District is ahead of the curve in production and quality. He stated that the objective of the District was to create desalinated water and sell it outside the District and it will benefit the ratepayers. Mr. Nishi said it is the same with recycled water, sell the recycled water to those that need it and keep the cheaper water in the District.

Return to item 5-A2:

Director Gustafson commented that he didn't understand how the papers could say that recycled water is available when the District has all the contracts and agreements for it. President Moore commented that recycled water would be discussed under item 5-B.

Vice President Shriner questioned the Armstrong Land Purchase where the District bought 224 acres and why the District needed so much space. Mr. Sterbenz explained how the District bought into Zones 2 and 2A and as part of the agreement the District had an option to buy 224 acres of Armstrong property. He said that the District purchased the 224 acres, and although they may not use the entire property for a project, they can use part of it for the desalination project, or a seasonal storage reservoir, or pipeline. There was discussion regarding the Ord Community Systems, the benefits to Central Marina, and FORA reimbursing the District for part of the RUWAP project.

Director Gustafson commented that the District has put a lot of money into the Ord Community and Central Marina shouldn't be obligated to pay for it. He stated that the District needs to recover the money from FORA.

Director Le questioned the expenditures on page 13 of the packet. He added that when reviewing the budget documents, it looks like money has been taken from Marina Capacity Charges and Marina Reserve to pay for Ord projects.

Director Lee stated that if you fail to plan, you plan to fail. He commented that if the Board sells water to others, it would save on the water rates for the District's ratepayers.

Director Le commented that the FORA Reimbursement is scheduled to begin in 2015 and it could be a while before the District sees any reimbursement.

President Moore commented that although the District has spent a lot of money, all is not lost as some of it is in real property. He added that reimbursement from FORA could take a while because FORA won't have any money until development starts moving again on the Ord Community.

Mr. Nishi clarified why the District purchased the Armstrong property and why the District decided to build the pilot desalination plant. Mr. Nishi said that the District would get their money back for the Armstrong property purchase when development begins on that property and capacity charges start coming in. He reiterated that the District should sell the higher priced water to someone else and generate revenue for the ratepayers. Mr. Nishi said he had voted no on the Bonds because he didn't feel the Central Marina ratepayers should be responsible for what was happening on the Ord Community.

Item 5-A2 (continued):

Mr. Dan Amadeo, Marina resident, commented that the Board is legally obligated to provide whatever water is necessary to the Ord Community regardless of when the growth occurs. He added that now was the time to move forward because it is cheaper and more affordable to do it now rather than later. Mr. Amadeo commented that a possible solution may be to pump unused water temporarily from the Salinas River south to the Peninsula.

3. Project Update for Regional Desalination Facility:

Director Le asked staff to report back to him and let him know if the District owed any money to the MRWPCA or the MCWRA for the three-way agreement.

Vice President Shriner asked if there were any more expenses as of yet unpaid. Mr. Sterbenz answered that there were probably legal costs still coming in and possibly a few engineering charges from some work done several months ago. Vice President Shriner asked if the total volume of water from the projects was enough for what was needed. Mr. Sterbenz answered that there would be enough water to cover build-out.

Director Gustafson commented that the demands and projections keep changing but the District still needs to make investments and to do it now, when costs were lower rather than later at the height of construction, was prudent.

President Moore commented that there were no specific dollar values associated with the three-way agreement, there was an appendix with a formula on how the costs are being calculated.

Mr. Nishi clarified that the District negotiated the rights to recycled water for the sewer flows sent to the MRWPCA. He said that the District gave the flows they weren't using for Agricultural use until the District needs it. Mr. Nishi noted that the District was not included in the 3rd Amendment between the MRWPCA and MCWRA and explained that by joining the MRWPCA, the District gained recycled water.

B. Project Update for RUWAP Recycled Water Project:

Director Le inquired on the status of the design and right-of-way acquisition. Mr. Sterbenz answered that the design was at 100% and the District needs to talk with CSUMB regarding the right-of-way easement because they want to charge for it. He added that MPUSD will give the district an easement, the City of Marina has an encroachment easement ready to go, and from Seaside south, the pipeline is already in the ground.

Mr. Peter Talbot, HDR Contractors, gave a brief background of HDR and how they were selected for this project.

Item 5-B (continued):

Mr. Steve Kasower, Strategic Economic Applications Company, continued the presentation with water supply goals, seawater intrusion data, and a history of the project.

Mr. Bob Ellis, HDR Contractors, concluded the presentation with information on the benefits of a water supply alternatives analysis.

Director Le inquired on seawater intrusion and asked for a copy of the presentation.

Vice President Shriner asked if RMC Water and Environment was part of the Marina Water Alliance. Mr. Talbot answered that they were not. Vice President Shriner commented that if it is cheaper to build now as people have been saying, why aren't the developers building now. Mr. Kasower answered that he recommends building now and sell the water before the other agencies i.e. Cal Am, build their projects and get their own water supply.

Vice President Shriner commented that HDR was not the lowest bid for this project and another Director increased the project cost to include outreach programs. She added that she was offended as she has now been compared to someone else's wife twice in the last three years. Mr. Kasower apologized for the comment and stated that he was not comparing Vice President Shriner to his wife, he was just trying to make light of the fact that it was stuffy in the room. Director Shriner said that she was also offended that Mr. Kasower would think that any Board member would yell or blame anyone for the predicament the District has come into. Mr. Kasower apologized if any misunderstanding was taken by Director Le and stated that he was making light of his work even though he does take it seriously.

Mr. Talbot clarified that the Statement of Qualifications sent to the District did not contain any costs and the price was negotiated based on the scope of work that was drafted. He said that there was an additional budget added to provide more public outreach.

Director Lee commented that there was on-coming growth as the children in the local schools are growing up and will eventually need someplace to live.

Director Le questioned how much the San Benito County Water District usage was and how long did it take to do the study. Mr. Ellis answered that they have both agricultural and municipal and they averaged 8,000 acre feet per year. He added that the study took several months to complete.

Director Gustafson commented that they needed to think regionally and noted that there were several schools and many houses scheduled to be built over the next several years in Salinas and a new water source is needed because of seawater intrusion. He said he supports the development of desal and recycled water.

Item 5-B (continued):

Mr. Nishi commented that he expected the Chair to keep everyone in line. He added that HDR was selected for this project because of their public outreach program and when he made the motion to hire HDR, he increased the community outreach to promote transparency.

Mr. Doug Yount, City of Marina Interim City Manager, questioned the delivered cost of water of the recycled water portion of the RUWAP and if there were any customers other than the golf courses. He asked how the recycled water portion of the project works with the groundwater replenishment project for the Peninsula, and if there is enough water for both projects and the possible sale of excess water to the Peninsula. Mr. Yount questioned if all of the agreements were in place with the MRWPCA and at the same level of readiness as the rest of the project. Mr. Yount then commented that the former Fort Ord is not a matter of growth, it is a matter of infill and replacement of the lost jobs, lost population, lost opportunities and recreation. He added that it is important to provide sufficient water supply to meet the demand.

Mr. Sterbenz briefly answered Mr. Yount's questions. He explained that the cost of the water depends on the how the FORA match is applied as to what the ultimate price of the water will be. Mr. Sterbenz answered that there should be enough water for both the recycled and groundwater replenishment projects. He said that he wasn't sure where the discussions for sale of excess water to the Peninsula were except that the City of Seaside may be an interested customer. Mr. Sterbenz stated that there were MOU's signed, but he was not aware of any specific contracts with respect to sales of water.

Director Gustafson left the meeting at 12:03 p.m.

President Moore commented that there have been no specific customers signed up for reclaimed water but State law says that the District could force customers to take the reclaimed water although the price has to be the same as potable water.

C. Imjin Office Park Building Project:

Director Le inquired as to the purchase price for the property. Mr. Patrick Breen, Project Manager, answered that the District paid \$998,000 for the FORA lot and \$404,000 for the AMBAG lot. Director Le asked what FORA was paying for leasing the building. Mr. Breen answered that it was approximately \$15,000 per month. Director Le questioned the status of the church lease and if they had received an answer from the City of Marina. Mr. Breen answered that the church has talked to the Carpenters Union regarding use of the conference room but did not know the outcome of the City of Marina discussion.

Director Le inquired on the BLM lease. Mr. Breen answered that there was nothing official yet.

Item 5-C (continued):

President Moore asked who was doing the calculations on the return on investment for the BLM lease. Mr. Breen answered that the Property Management Agency was working on them then they will be turned over to the District's financial manager. President Moore asked that in the future, the return on investment calculations for these properties be presented to the Board for information.

D. CIP Projects for Water and Wastewater:

Mr. Brian True, Capital Projects Manager, introduced this item.

Vice President Shriner noted that the CIP shows that Marina Heights and the Dunes will be coming on line in 2017/2018 and asked if there were other parts of those projects that don't appear on the CIP. Mr. True answered that those projects were on the furthest year of the CIP but could be moved either up or back depending on how things go. Discussion regarding the demand for infrastructure followed. Mr. Lee commented that developer projects drive the growth of the system. Vice President Shriner voiced her concern over the cost to ratepayers for the District putting infrastructure in the ground and now there has been no development for the last ten years.

Director Le asked what the justification was for not updating the Master Plans and for still using 2004/2005 plans. Mr. True answered that there was a cost to update the Master Plan and that there has been little change since the last Master Plan, although now may be the time to consider updating it. Director Le said that the District was making a big mistake and it doesn't cost much to update. He said that he would like a future agenda item to discuss updating the Master Plan. Director Le added that he wanted the funding source for CIP projects to be listed and not be "to be determined".

Director Lee commented that Director Le was good at finding grants available for projects. Director Le said that the State was giving out grants for desalination and there were a lot of other grants available

Mr. Yount requested that in preparation of future CIP's include the city staff and developers to ensure the best information possible.

6. Director's Comments:

Director Lee thanked staff for an excellent job answering questions.

Director Le asked for the status of the WSA for Monterey Downs to be given at the next Board meeting. He asked for a copy of the letter that was sent to the MPWMD saying the District has no proposal. Director Le asked for the Ord Annexation to be on the next agenda.

Item 6 (continued):

Vice President Shriner thanked the City of Marina for use of their chambers. She noted that the start time for the next meeting is 6:00 p.m. Vice President Shriner commented that if development was replacement, the District would not be looking for new or replacement water.

President Moore thanked staff and the public for meeting on a Saturday morning, and thanked the City of Marina for use of the chambers.

7. Adjournment:

The meeting was adjourned at 12:42 p.m.

APPROVED:

Thomas P. Moore, President

ATTEST:

Brian Lee, Acting General Manager